

Message Text

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14

ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 DODE-00 PM-04 H-02 L-03 PA-02 PRS-01 IO-13

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R 140136Z MAY 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 3350

INFO AMEMBASSY BANGKOK

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY SINGAPORE

UNCLAS KUALA LUMPUR 2736

E.O. 11652: N/A

TAGS: ECON, MY

SUBJECT: UMNO MEMBERS MEET TO DISCUSS MALAYSIA'S DEVELOPMENT
PROGRAMS

SUMMARY: IN TWO-DAY SEMINAR MAY 8-9, UMNO PARTY MEMBERS
MET, FOR FIRST TIME EVER, TO DISCUSS GOM DEVELOPMENT PROGRAMS.
PRIME MINISTER HUSSEIN STRESSED RELATIONSHIP BETWEEN ECONOMIC
DEVELOPMENT AND SECURITY PROBLEM. GOVT WILL CONTINUE
DEVELOPMENT EFFORTS UNDER "OPEN ECONOMY" SYSTEM WHICH
INCLUDES PARTICIPATION BY FOREIGN INVESTORS. EMBASSY VIEWS
MEETING AS ANOTHER STEP BY PRIME MINISTER TO GAIN SUPPORT
FOR GOM DEVELOPMENT EFFORTS AS LINKAGE TO IMPROVING SECURITY
SITUATION. END SUMMARY.

1. MORE THAN 1,500 UMNO (UNITED MALAY NATIONAL ORGANIZATION)
MEMBERS FROM PARTY'S 114 DIVISIONS IN PENINSULAR MALAYSIA
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AND OBSERVERS FROM SARAWAK ATTENDED TWO-DAY UMNO ECONOMIC

SEMINAR ON MAY 8-9, FIRST EVER TO DISCUSS MALAYSIA'S DEVELOPMENT PLANS. SEMINAR, ORGANIZED BY UMNO ECONOMIC BUREAU HEADED BY FINANCE MINISTER TENGKU RAZALEIGH HAMZAH, REVIEWED SECOND MALAYSIA PLAN, ESPECIALLY PARTICIPATION BY BUMIPUTRAS IN TRADE AND INDUSTRY, AND LOOKED AT THIRD MALAYSIA PLAN, 1976-80. MEMBERS OF UMNO SUPREME COUNCIL, UMNO MINISTERS, MEMBERS OF PARLIAMENT, ASSEMBLYMEN, MENTRIS BESAR, AND CHIEF MINISTERS WERE AMONG DELEGATES.

2. PRIME MINISTER HUSSEIN ONN ADDRESSED OPENING AND CLOSING SESSIONS EMPHASIZING FOLLOWING POINTS:

A. PRIVATE SECTOR. MUST PLAY MORE COMMITTED ROLE, PARTICULARLY IN GUIDING BUMIPUTRAS IN COMMERCE AND INDUSTRY. PRIVATE SECTOR COMMITMENT TO SUCCESS OF NEW ECONOMIC POLICY IS VITAL.

B. NEW ECONOMIC POLICY. NEP HAD BEEN ACCEPTED BY ALL COMMUNITIES AS SOLUTION TO NATION'S MULTI-RACIAL PROBLEMS. SITUATION IS LIKE "SETTING A TIME BOMB WHICH IS BOUND TO GO OFF IF THE PEOPLE'S ASPIRATIONS AND EXPECTATIONS ARE NOT FULFILLED IN THE SCHEDULED TIME". NEP WAS NOT MEANT TO TAKE AWAY RIGHTS OF NON-BUMIPUTRAS.

C. SECURITY PROBLEM. PROJECTS TO OVERCOME SECURITY PROBLEM, PARTICULARLY IN SENSITIVE AREAS, WOULD BE GIVEN PRIORITY IN THIRD MALAYSIA PLAN (TMP) COMMUNIST TERRORISTS ARE OUT TO DISRUPT IMPLEMENTATION OF PROJECTS, ESPECIALLY IN THE BORDER AREAS. PRIORITY WOULD BE GIVEN UNDER TMP TO RIGHT POVERTY IN LESS DEVELOPED AREAS SUCH AS KELANTAN, TRENGGANU, KEDAH AND PERLIS.

D. WATCHDOG COMMITTEES. COORDINATING COMMITTEES WOULD BE FORMED TO ACT AS "A WATCHDOG" OVER THE PLANNING AND IMPLEMENTATION OF GOM PROJECTS AT FEDERAL AND STATE LEVELS.

3. HE ALSO OUTLINED ECONOMIC PROGRESS OF MALAYSIA UNDER THE SECOND MALAYSIA PLAN, 1971-75:

A. POVERTY. FAMILIES LIVING AT OR BELOW POVERTY LEVEL HAD DELINED FROM 49 TO 43 PERCENT. (GOM DEFINES POVERTY LEVEL AS M\$25 (US\$10) INCOME PER FAMILY MEMBER PER MONTH.)

B. UNEMPLOYMENT. RATE DROPPED FROM 7.4 PERCENT IN 1970
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TO 7 PERCENT IN 1975

C. REAL PER CAPITA INCOME. INCREASED ANAVERAGE OF THREE PERCENT ANNUALLY.

D. EMPLOYMENT OF BUMIPUTRAS. INCREASED FROM 29 TO 33 PERCENT IN MANUFACTURING SECTOR AND FROM 23.5 TO 34 PERCENT IN COMMERCIAL SECTOR.

E. BUMIPUTRA EQUITY PARTICIPATION. INCREASED FROM 3.1 PERCENT IN 1970 TO 7 PERCENT IN 1973. TOTAL NUMBER OF

REGISTERED BUMIPUTRA BUSINESSMEN IN 1971 FOR PENINSULAR
MALAYSIA WAS 24,549, BY END OF LAST YEAR FIGURE WAS
65,275.

4. COMMENT: GOM OFFICIAL REMARKED TO EMBOFF THAT GOVT SPENT
MOST OF TWO-DAY MEETING, WHICH COMMEMORATED 30TH
ANNIVERSARY OF UMNO, DEFENDING PROGRAMS UNDER SECOND
MALAYSIS PLAN, 1971-75. IT IS NOTEWORTHY THAT THIS IS
FIRST TIME GOVT HAS ENGAGED IN DIALOGUE WITH UMNO
MEMBERSHIP ON ACHIEVEMENTS AND SHORTCOMINGS OF DEVELOPMENT
PROGRAMS AND APPEARS TO BE A PRELIMINARY TO SIMILAR
DISCUSSIONS AT JULY 3-4 UMNO GENERAL ASSEMBLY, EMBASSY
VIEWS MEETING AS ANOTHER STEP BY PM HUSSEIN TO EXPLAIN
AND GAIN SUPPORT FOR HIS GOVT'S DEVELOPMENT PROGRAMS
(THIRD MALAYSIA PLAN 1976-80 WILL BE PRESENTED TO PARLIAMENT
IN JULY) ESPECIALLY RELATIONSHIP TO SECURITY
EFFORTS. FROM PRESS ACCOUNTS, STATEMENTS BY BOTH PRIME
MINISTER AND TENGKU RAZALEIGH WERE MODERATE ON BUMIPUTRAZATION
WITH CENTRAL THEME BEING ECONOMIC DEVELOPMENT LINKED TO
SECURITY EFFORTS AND STRESS ON UPHOLDING "OPEN ECONOMY"
SYSTEM, INCLUDING PARTICIPATION BY FOREIGN INVESTORS, AS
BEING IN INTEREST OF NATION AND PEOPLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL PARTIES, SEMINARS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUALA02736
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760198-0796
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760554/aaaabuex.tel
Line Count: 138
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2004 by wolfsd>; APPROVED <21 JAN 2005 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UMNO MEMBERS MEET TO DISCUSS MALAYSIA'S DEVELOPMENT PROGRAMS
TAGS: ECON, PINT, MY, UMNO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006